

Electronics

“Steady Performance at 3rd Quarter”

| FINANCIAL HIGHLIGHTS For the nine months ended 30 September 2001 | | | |
|------------------------------------------------------------------------|------------------|------------------|-------------|
| | 2001 9 Months | 2000 9 Months | Growth % |
| Turnover (\$m) | 358 | 290 | 23 |
| Investment, interest and other income (\$m) | 7.6 | 7.9 | (3) |
| Profit before tax (\$m) | 37.0 | 30.6 | 21 |
| Profit attributable to shareholders before EI (\$m) | 25.5 | 20.4 | 25 |

“The Electronics Sector expects steady sales in the remaining quarter and better overall performance for the full year.

We will continue to pursue our market development activities in China, Hong Kong and Taiwan in the areas of transportation, public safety systems and VSAT products.”

Seah Moon Ming, President

N.B.: All currencies are in Singapore dollars.

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Electronics Sector unaudited results for the nine months ended 30 September 2001:

| | 2001 \$'000 9 Months | 2000 \$'000 9 Months | + / (-) % | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------------------------------------------------------------------------------------|---|---|
| 1. (a) Turnover | <u>358,043</u> | <u>290,279</u> | 23.3 | | |
| (b) Investment Income | <u>-</u> | <u>-</u> | - | | |
| (c) Other Income including Interest Income | <u>7,633</u> | <u>7,895</u> | (3.3) | | |
| 2. (a) Operating Profit before Income Tax, Minority Interests, Extraordinary Items, Interest on Borrowings, Depreciation and Amortisation, and Exceptional Items | 41,635 | 34,561 | 20.5 | | |
| (b) (i) Interest on Borrowings | (1) | (6) | (83.3) | | |
| (ii) Depreciation and Amortisation | (3,992) | (3,892) | 2.6 | | |
| (c) Exceptional Items | - | - | - | | |
| (d) Operating Profit before Income Tax, Minority Interests, Extraordinary Items but after Interest on Borrowings, Depreciation and Amortisation, and Exceptional Items | <u>37,642</u> | <u>30,663</u> | 22.8 | | |
| (e) Income derived from Associated Companies/Joint Ventures | (625) | (34) | NM | | |
| Operating Profit before Income Tax | <u>37,017</u> | <u>30,629</u> | 20.9 | | |
| (f) Less Income Tax | (11,768) | (10,391) | 13.3 | | |
| (g) (i) Operating Profit after Tax before deducting Minority Interests | <u>25,249</u> | <u>20,238</u> | 24.8 | | |
| (ii) Less Minority Interests | 202 | 160 | 26.3 | | |
| (h) Operating Profit after Tax attributable to Members of the Company | <u>25,451</u> | <u>20,398</u> | 24.8 | | |
| (i) (i) Extraordinary Items | <table border="1" style="width: 50px; height: 20px;"><tr><td style="text-align: center;">-</td></tr></table> | - | <table border="1" style="width: 50px; height: 20px;"><tr><td style="text-align: center;">-</td></tr></table> | - | - |
| - | | | | | |
| - | | | | | |
| (ii) Less Minority Interests | <table border="1" style="width: 50px; height: 20px;"><tr><td style="text-align: center;">-</td></tr></table> | - | <table border="1" style="width: 50px; height: 20px;"><tr><td style="text-align: center;">-</td></tr></table> | - | - |
| - | | | | | |
| - | | | | | |
| (iii) Extraordinary Items attributable to Members of the Company | - | - | - | | |
| (j) Operating Profit after Tax and Extraordinary Items attributable to Members of the Company | <u>25,451</u> | <u>20,398</u> | 24.8 | | |
| * NM - Not Meaningful | | | | | |
| 3. (a) Operating Profit [2(g)(i) above] as a percentage of Turnover | 7.1% | 7.0% | | | |

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| | 2001 \$'000 | 2000 \$'000 | + / (-) % |
|-------------------------------------------------------------------------------------------------------------------|----------------|----------------|--------------|
| 4. (a) Sales reported for first half | 228,008 | 197,347 | 15.5 |
| (b) Operating Profit [2(g)(i) above] reported for first half | 14,953 | 11,939 | 25.2 |
| (c) Sales reported for third quarter | 130,035 | 92,932 | 39.9 |
| (d) Operating Profit [2(g)(i) above] reported for third quarter | 10,296 | 8,299 | 24.1 |
| (e) Sales reported for third quarter year-to-date | 358,043 | 290,279 | 23.3 |
| (f) Operating Profit [2(g)(i) above] reported for third quarter year-to-date | 25,249 | 20,238 | 24.8 |
| 5. (a) There was no adjustment for over or under provision of current and deferred tax in respect of prior years. | | | |
| (b) There was no pre-acquisition profit included in the results reported. | | | |
| (c) There was no disposal of property during the period. | | | |
| (d) There was no extraordinary item during the period. | | | |

6. Business Grouping Information

| | Turnover | | | Profit before Tax | | |
|---------------------------------------|----------------|----------------|--------------|-------------------|----------------|--------------|
| | 2001 \$'000 | 2000 \$'000 | + / (-) % | 2001 \$'000 | 2000 \$'000 | + / (-) % |
| <u>By Business Activity</u> | | | | | | |
| Third Quarter | | | | | | |
| Large-Scale Systems Group | 45,876 | 30,207 | 51.9 | 3,233 | 1,687 | 91.6 |
| Communication & Sensor Systems Group | 50,691 | 29,246 | 73.3 | 5,052 | 4,582 | 10.3 |
| Software Systems Group | 33,468 | 33,479 | - | 6,086 | 6,192 | (1.7) |
| Total | <u>130,035</u> | <u>92,932</u> | 39.9 | <u>14,371</u> | <u>12,461</u> | 15.3 |
| Nine Months Ended 30 September | | | | | | |
| Large-Scale Systems Group | 120,854 | 101,462 | 19.1 | 7,713 | 5,649 | 36.5 |
| Communication & Sensor Systems Group | 149,379 | 110,783 | 34.8 | 14,528 | 12,254 | 18.6 |
| Software Systems Group | 87,810 | 78,034 | 12.5 | 14,776 | 12,726 | 16.1 |
| Total | <u>358,043</u> | <u>290,279</u> | 23.3 | <u>37,017</u> | <u>30,629</u> | 20.9 |

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7. Review of Performance

(a) Turnover

3Q2001 vs 3Q2000

| 3Q2001 | 3Q2000 | Growth | |
|--------|--------|--------|-----|
| \$130m | \$93m | \$37m | 40% |

The turnover of \$130 million recorded in 3Q2001 was higher than that in 3Q2000 by 40% or \$37 million. This was mainly contributed by **Communication & Sensor Systems Group (CSG)** and **Large-Scale Systems Group (LSG)**. **CSG** achieved higher sales with milestone recognition from Ministry of Home Affairs' (MHA) communications project and the supply of communications equipment. In **LSG**, major sales were recorded from the Land Transport Authority's (LTA) North-East Line MRT project and the Sengkang/Punggol LRT project. **Software Systems Group (SSG)** maintained its turnover as compared to the previous corresponding period.

9M2001 vs 9M2000

| 9M2001 | 9M2000 | Growth | |
|--------|--------|--------|-----|
| \$358m | \$290m | \$68m | 23% |

The turnover of \$358 million recorded in 9M2001 was higher than that in 9M2000 by 23% or \$68 million. All three business groups had contributed to the increase. **CSG** achieved higher sales with milestone recognition in the MHA's communications project. In **LSG**, major sales were recorded from the LTA's North-East Line MRT project, Sengkang/Punggol LRT project, LED Traffic Lights project and the Taipei MRT projects. In **SSG**, major sales were recognised from milestone completion of the aircraft simulator projects.

(b) Profitability

3Q2001 vs 3Q2000

| 3Q2001 | 3Q2000 | Growth | |
|---------|---------|--------|-----|
| \$14.4m | \$12.5m | \$1.9m | 15% |

Profit before tax increased by 15% or \$1.9 million to \$14.4 million. The main profit contribution came from **LSG** and **CSG** due largely to higher turnover. **SSG's** profitability was comparable with same period last year.

9M2001 vs 9M2000

| 9M2001 | 9M2000 | Growth | |
|---------|---------|--------|-----|
| \$37.0m | \$30.6m | \$6.4m | 21% |

Profit before tax for 9M2001 was \$37.0 million, representing an increase of 21% or \$6.4 million over 9M2000. All three business groups had performed well due mainly to higher turnover.

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8. Prospects

Major project milestones expected in the fourth quarter include Hong Kong Fire Services' Third Generation Mobilisation System, MHA's Command & Control System project, delivery of ship consoles program and an aircraft simulator project under **SSG**; LTA's MRT and LRT projects and LED Traffic Lights project and Taipei MRT project under **LSG**; and various defence communication projects under **CSG**.

Fourth quarter profit after tax is expected to be maintained. Full year profit after tax is projected to be better than that of the preceding period.

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